



ERKLÆRINGER OG BEMÆRKNINGER

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Statement on Bulgaria's path towards ERM II participation

Today the Finance Ministers of the euro area Member States, the European Central Bank (ECB), the representatives of the Minister of Finance and of the Central Bank Governor of Denmark discussed the prospects of Bulgaria's participation in the Exchange Rate Mechanism (ERM II) in the presence of the Commission, the Bulgarian Finance Minister and Central Bank Governor, and issued the following statement.

We welcome the intention of the Bulgarian authorities to put in place the necessary elements for a successful entry into ERM II. Following constructive discussions with the ECB, the Commission, the euro area Member States and Denmark, Bulgaria has taken a number of commitments in policy areas which are of high relevance for a smooth transition to, and participation in, ERM II. With regard to, in particular, banking supervision, Bulgaria is expected to send a request to enter into close cooperation with the ECB in line with the existing procedures, and will undertake the necessary preparations accordingly – including support to the ECB's comprehensive assessment. Additional commitments relate to other financial sector issues and institutional quality and governance. Such reform efforts towards a more robust financial sector, stronger institutions and more efficient economic structures will contribute to the successful participation of Bulgaria in ERM II.

The ECB and the Commission will monitor the effective implementation of these commitments acting within their respective areas of competence as provided for by the Treaties and secondary legislation. Once they have provided a positive assessment, a decision will be taken by the ERM II parties on the formal application of the Bulgarian authorities for ERM II participation. The decision will be linked to the ECB decision on close cooperation, in full respect of the conditions specified in the legal framework. This would imply that Bulgaria simultaneously joins ERM II and Banking Union. The ECB could be expected to conclude its comprehensive assessment within approximately one year after Bulgaria's formal application for close cooperation, and its decision may make the start date of close cooperation conditional on Bulgaria's progress in implementing the possible measures required in relation to the results of the comprehensive assessment.

In line with the relevant secondary legislation, Bulgaria will also participate in the Single Resolution Mechanism (including the Single Resolution Fund) from the date of entry into force of the ECB decision on close cooperation. Therefore, as from that date Bulgaria should be subject to the obligations stemming from the Intergovernmental Agreement on the transfer and mutualisation of contributions to the Single Resolution Fund, notably the obligation to transfer those contributions to the Single Resolution Fund in accordance with the relevant provisions thereof. To these effects, Bulgaria is expected to take all the necessary steps in order to ratify and deposit its instrument of ratification in due course before the decision on close cooperation enters into force.

In line with past practice, Bulgaria is also expected to take further commitments at the moment of joining ERM II with the aim of achieving a high degree of sustainable economic convergence by the time the euro will be introduced.

We call on the Bulgarian authorities to thoroughly implement the reforms monitored by the Commission under the Cooperation and Verification Mechanism in the areas of judicial reform and the fight against corruption and organised crime in Bulgaria, in light of their importance for the stability and integrity of the financial system.

In the future, we expect to follow a similar approach for Member States wishing to join ERM II, in line with the principle of equal treatment.

- [Letter by Bulgaria on ERM II participation](#)



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